

Company Registration No. 00784246 (England and Wales)

DESIGNPLAN LIGHTING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016



DESIGNPLAN LIGHTING LIMITED

COMPANY INFORMATION

Directors	D K Barnes P B Barton A M D Lester L McCarthy A Hawkins M Wood B L Harris
Company number	00784246
Registered office	16 Kimpton Park Way Sutton Surrey SM3 9QS
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG

DESIGNPLAN LIGHTING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

Domestic trading for the year showed 26% growth over last year as many of the large infrastructure projects that were delayed in 2015 came to fruition.

International trading doubled year on year with our German branch performing well and key orders secured in other regions.

We expect strong sales to continue into 2017 as many of the large infrastructure projects continue and investment in our design and sales teams delivers further returns.

Stock levels have increased in line with the increased demand. Trade debtors have increased in line with the overall growth in trade and in particular the strong sales performance towards the end of the year.

Matters of strategic importance

The company will be looking to further improve on its 2016 performance by continuing to focus on key market sectors and continuing to develop innovative solutions to fit the need of those sectors.

The company will also continue to leverage the global presence of the Fagerhult group to further penetrate international markets where our product portfolio is relevant.

Principal risks and uncertainties

We are not anticipating risks to the continued day to day operations of the company.

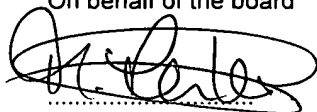
The company is not exposed to any material interest rate risk, and risk from exchange rates is managed by trading with customers and suppliers in the same currencies where possible.

Key performance indicators

The board and management monitor the progress of a number of KPIs as follows:

	<u>2016</u>	<u>2015</u>
Turnover	£16,703,028	£11,982,313
Sales growth (%)	39%	-3%
Gross margin	£8,143,460	£5,486,984
Gross margin (%)	49%	46%
Operating profit	£2,431,037	£505,581

On behalf of the board



A M D Lester

Director

27/04/17

DESIGNPLAN LIGHTING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of design, manufacture and sale of light fittings.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D K Barnes
P B Barton
A M D Lester
L McCarthy
A Hawkins
M Wood
B L Harris

(Appointed 15 April 2016)

(Appointed 14 July 2016)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A M D Lester

Director

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DESIGNPLAN LIGHTING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNPLAN LIGHTING LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

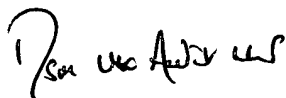
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNPLAN LIGHTING LIMITED (CONTINUED)

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Ericson BA FCA (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

3rd Floor
Portland
25 High Street
Crawley
West Sussex
RH10 1BG
07/04/17.....

DESIGNPLAN LIGHTING LIMITED

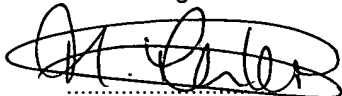
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	16,703,028	11,982,313
Cost of sales		(8,559,568)	(6,495,329)
Gross profit		8,143,460	5,486,984
Distribution costs		(971,613)	(822,352)
Administrative expenses		(4,740,810)	(4,159,051)
Operating profit	4	2,431,037	505,581
Interest receivable and similar income	7	4,841	6,061
Interest payable and similar charges	8	(994)	(869)
Profit on ordinary activities before taxation		2,434,884	510,773
Taxation	9	(521,144)	(106,814)
Profit for the financial year	22	1,913,740	403,959

DESIGNPLAN LIGHTING LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	11	119,935		34,908	
Tangible assets	12	2,151,401		2,249,551	
Investments	13	2		2	
		<u>2,271,338</u>		<u>2,284,461</u>	
Current assets					
Stocks	15	2,055,091		1,871,295	
Debtors	16	4,017,725		2,980,266	
Cash at bank and in hand		2,581,766		1,751,721	
		<u>8,654,582</u>		<u>6,603,282</u>	
Creditors: amounts falling due within one year	17	<u>(3,488,362)</u>		<u>(2,368,347)</u>	
Net current assets		<u>5,166,220</u>		<u>4,234,935</u>	
Total assets less current liabilities		<u>7,437,558</u>		<u>6,519,396</u>	
Provisions for liabilities	18	<u>(404,287)</u>		<u>(399,865)</u>	
Net assets		<u><u>7,033,271</u></u>		<u><u>6,119,531</u></u>	
Capital and reserves					
Called up share capital	21	360,300		360,300	
Capital redemption reserve	22	214,575		214,575	
Profit and loss reserves	22	6,458,396		5,544,656	
Total equity		<u><u>7,033,271</u></u>		<u><u>6,119,531</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 07/04/17 and are signed on its behalf by:



A M D Lester
Director

DESIGNPLAN LIGHTING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		360,300	214,575	5,140,697	5,715,572
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	403,959	403,959
Balance at 31 December 2015		360,300	214,575	5,544,656	6,119,531
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	1,913,740	1,913,740
Dividends	10	-	-	(1,000,000)	(1,000,000)
Balance at 31 December 2016		360,300	214,575	6,458,396	7,033,271

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Designplan Lighting Limited is a company limited by shares incorporated and domiciled in England and Wales. The registered office is 16 Kimpton Park Way, Sutton, Surrey, SM3 9QS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of AB Fagerhult, a company registered in Sweden, and the accounts of the company are included in the consolidated accounts of AB Fagerhult, as detailed in note 26. The accounts therefore reflect the results of the company as an individual undertaking and exclude the results of its subsidiary company.

Functional and presentation currency

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Going concern

The company's business activities together with the factors likely to affect its future development, performance and position are set out in the review of the business on page 1. The company has adequate financial resources and has continued to operate profitably since the balance sheet date. As a consequence the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, and is recognised when goods are provided to customers upon dispatch.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and it is amortised over the products useful life. The capitalised development expenditure is stated at cost net of amortisation less any provision for impairment. All research and other development costs are written off as incurred.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long Leasehold Land and Buildings	over the length of the lease
Plant, machinery and tools	3 to 20 years straight line
Computer, furniture and fittings	3 to 20 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance has been made for obsolete or slow moving items.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Provision is made for liabilities arising in respect of potential sales agency commissions under an EU Agency Directive.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Contributions to defined contribution pension funds are charged to the profit and loss account as they become payable in accordance with the rules of the funds.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock

Following the company's move to new premises in 2014, the directors have reviewed the method by which overhead costs are absorbed into the cost of stock. The impact of this change in estimate is that stock is valued at £64k lower in the 2016 financial statements than it would have been under the previous method.

Stock provision

Provisions are recognised when there is objective evidence of impairment or obsolescence of stock items. The provision is calculated on the basis of the age of the items held, and represents the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion.

3 Turnover

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sales of goods	16,703,028	11,982,313

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	12,507,187	9,896,437
Overseas sales	4,195,841	2,085,876
	16,703,028	11,982,313

4 Operating profit

	2016 £	2015 £
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Operating profit for the year is stated after charging/(crediting):

Exchange (gains)/losses	(88,926)	24,003
Fees payable to the company's auditors for the audit of the company's financial statements	16,675	16,675
Depreciation of owned tangible fixed assets	311,107	278,731
Loss on disposal of tangible fixed assets	40,641	-
Amortisation of intangible assets	10,831	7,051
Cost of stocks recognised as an expense	5,114,025	3,670,281
Operating lease charges	885,372	821,876

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Production	100	95
Sales	23	23
Administration	19	13
	<u>142</u>	<u>131</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	4,942,811	4,293,645
Social security costs	402,738	363,056
Pension costs	94,313	99,976
	<u>5,439,862</u>	<u>4,756,677</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	536,072	394,705
Company pension contributions to defined contribution schemes	20,402	21,012
	<u>556,474</u>	<u>415,717</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2015 - 4).

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	1,435	1,252
Interest receivable from group companies	3,406	4,809
	<u>4,841</u>	<u>6,061</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest payable and similar charges

	2016	2015
	£	£
Other interest	994	869
	<u>994</u>	<u>869</u>

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	469,382	97,458
Adjustments in respect of prior periods	(9,458)	(7,694)
Total UK current tax	<u>459,924</u>	<u>89,764</u>
Foreign current tax on profits for the current period	61,699	12,343
Total current tax	<u>521,623</u>	<u>102,107</u>
Deferred tax		
Origination and reversal of timing differences	(479)	4,707
Total tax charge	<u>521,144</u>	<u>106,814</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	<u>2,434,884</u>	<u>510,773</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	486,977	102,155
Tax effect of expenses that are not deductible in determining taxable profit	13,724	6,798
Adjustments in respect of prior years	(9,458)	(7,694)
Tax chargeable at different rates	(3,221)	(6,552)
Unrelieved foreign tax	20,785	3,888
Deferred tax not recognised	9,006	4,707
Depreciation in excess of capital allowances	3,331	3,512
Tax expense for the year	<u>521,144</u>	<u>106,814</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation (Continued)

The company has brought forward capital losses of £167,373 (2015: £167,373) which are available to offset capital gains in the future.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 18% effective from 1 April 2020.

A reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This rate was substantively enacted by the balance sheet date. The deferred tax assets and liabilities reflect these rates.

10 Dividends

	2016 £	2015 £
Interim paid	1,000,000	-

11 Intangible fixed assets

	Product development £
Cost	
At 1 January 2016	48,674
Additions	102,171
Disposals	(31,273)
Transfers	20,450
At 31 December 2016	140,022
Amortisation and impairment	
At 1 January 2016	13,766
Amortisation charged for the year	10,831
Disposals	(13,031)
Transfers	8,521
At 31 December 2016	20,087
Carrying amount	
At 31 December 2016	119,935
At 31 December 2015	34,908

The amortisation charge for the year is recognised within administrative expenses.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Tangible fixed assets

	Long Leasehold Land and Buildings	Plant, machinery and tools	Computer, furniture and fittings	Total
	£	£	£	£
Cost				
At 1 January 2016	907,250	3,870,976	729,336	5,507,562
Additions	-	187,438	61,844	249,282
Disposals	-	(1,302,031)	(83,873)	(1,385,904)
Transfers	-	(20,450)	-	(20,450)
At 31 December 2016	907,250	2,735,933	707,307	4,350,490
Depreciation and impairment				
At 1 January 2016	62,128	2,815,102	380,781	3,258,011
Depreciation charged in the year	53,680	180,079	77,348	311,107
Eliminated in respect of disposals	-	(1,278,749)	(82,759)	(1,361,508)
Transfers	-	(8,521)	-	(8,521)
At 31 December 2016	115,808	1,707,911	375,370	2,199,089
Carrying amount				
At 31 December 2016	791,442	1,028,022	331,937	2,151,401
At 31 December 2015	845,122	1,055,874	348,555	2,249,551

13 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	14	2	2

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 & 31 December 2016	2
Carrying amount	
At 31 December 2016	2
At 31 December 2015	2

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Designplan International Limited	England	Dormant	Ordinary	100.00

15 Stocks

	2016 £	2015 £
Raw materials and consumables	1,339,643	1,415,720
Work in progress	421,149	275,164
Finished goods and goods for resale	294,299	180,411
	<u>2,055,091</u>	<u>1,871,295</u>

16 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,733,338	1,855,809
Corporation tax recoverable	-	2,542
Amounts due from fellow group undertakings	1,974,479	967,349
Other debtors	6,721	4,935
Prepayments and accrued income	303,187	149,631
	<u>4,017,725</u>	<u>2,980,266</u>

During the year, a provision of £32,289 (2015: £18,000) was recognised in respect of trade receivables due from customers from whom payment was deemed doubtful. The charge to the profit and loss was £12,520 (2015: £5,266).

17 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,318,105	875,947
Amounts due to group undertakings	17,619	-
Corporation tax	357,100	19,273
Other taxation and social security	166,065	299,948
Other creditors	43,514	49,591
Accruals and deferred income	1,585,959	1,123,588
	<u>3,488,362</u>	<u>2,368,347</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Provisions for liabilities

	Notes	2016 £	2015 £
Other		338,874	333,973
Deferred tax liabilities	19	65,413	65,892
		<u>404,287</u>	<u>399,865</u>

Movements in provisions apart from retirement benefits and deferred tax liabilities:

	Other £
At 1 January 2016	333,973
Additional provisions in the year	27,756
Utilisation of provision	(22,855)
At 31 December 2016	<u>338,874</u>

Provision is made, at the rate of 0.5% of net invoiced sales generated by each agent, for amounts likely to be payable by the company to sales consultants operating in Europe on retirement, under the EU Agency Directive, assuming that each consultant continues to operate until reaching retirement at age 65.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	74,593	72,829
Other timing differences	(9,180)	(6,937)
	<u>65,413</u>	<u>65,892</u>
Movements in the year:		2016 £
Liability at 1 January 2016		65,892
Credit to profit and loss		(479)
Liability at 31 December 2016		<u>65,413</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution scheme. The scheme is a funded defined contribution personal pension plans where the assets are held separately for individual members and are not available generally to all members.

At the balance sheet date there were outstanding contributions totalling £36,882 (2015: £49,591) due to the pension scheme.

The charge to profit or loss in respect of the defined contribution scheme was £94,313 (2015 - £99,976).

21 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
360,300 Ordinary of £1 each	360,300	360,300

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

22 Reserves

Capital redemption reserve

The nominal value of shares held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	829,444	850,948
Between two and five years	2,985,033	3,013,521
In over five years	10,053,486	10,780,244
	<u>13,867,963</u>	<u>14,644,713</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Capital commitments

	2016 £	2015 £
At 31 December 2016 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	-	29,000
	<u> </u>	<u> </u>

25 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 paragraph 33.1A from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary.

26 Controlling party

The company's immediate parent company is Fagerhults Belysning AB and the ultimate holding company is AB Fagerhult, both incorporated in Sweden. AB Fagerhult is considered to be the company's controlling party.

The largest and smallest group preparing consolidated accounts that include the results of the company is AB Fagerhult. These accounts can be obtained from AB Fagerhult, SE-566 80 Habo, Sweden.